

Unemployment Insurance Administrative Funding



NC DEPARTMENT
of COMMERCE
EMPLOYMENT SECURITY

Kevin D. Carlson
Chief of Staff / CFO
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Key Points About Our Administrative Funding



- DES receives zero NC General Funds.
- 100% federally funded.
- Joint Federal-State partnership.
- Federal UI Administrative Grant is primary funding source.

UI Administrative Funding

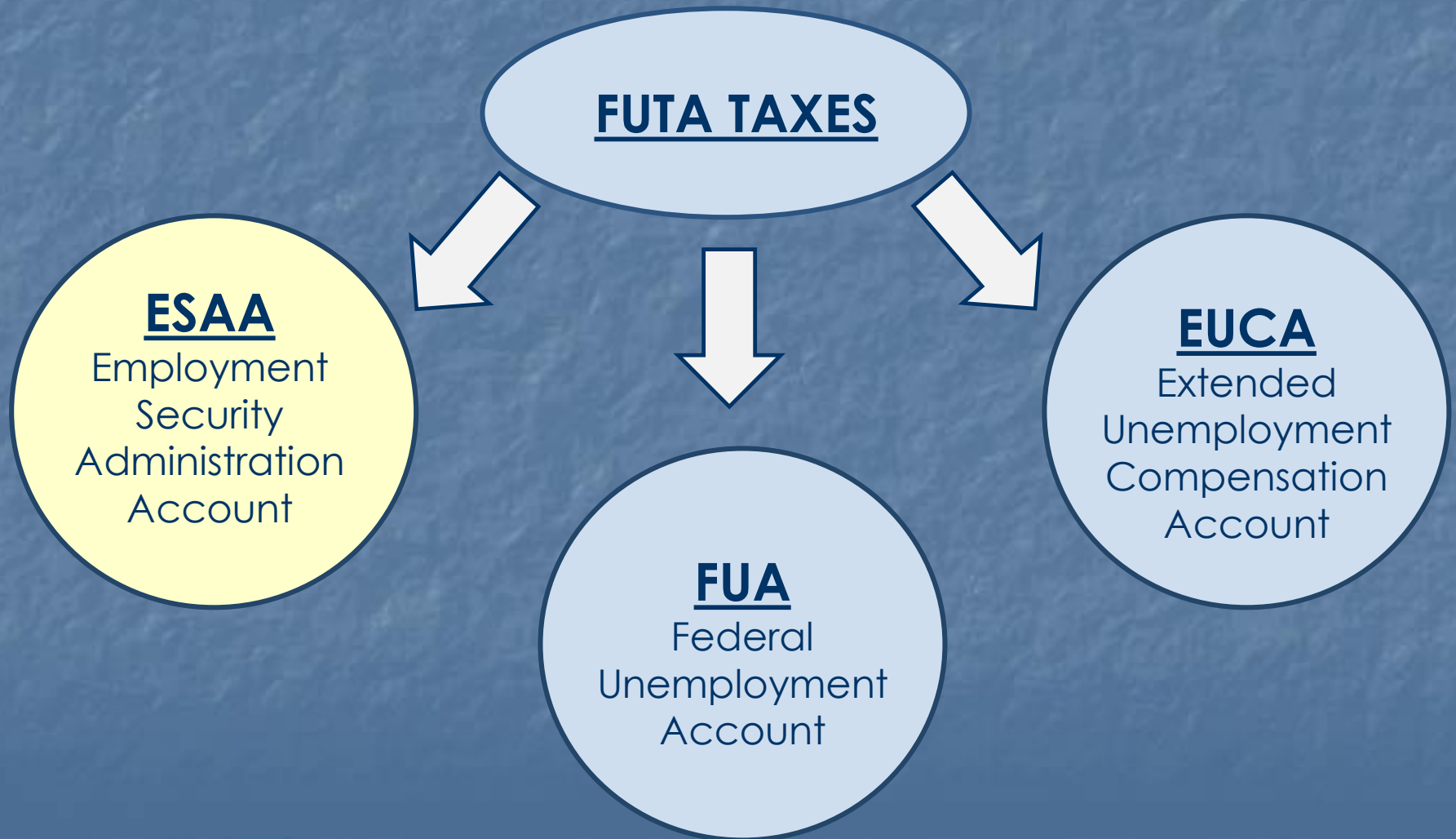
- Where does it come from?
- What is unique & different about the grant?
- How is our grant amount determined?
- How do we use it?
- Issues / Concerns

Where Does It Come From?

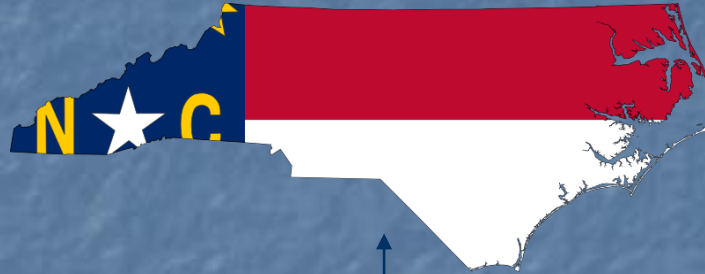
FUTA (Federal Unemployment Taxes)

- 6% on the first \$7,000 of wages.
- Employer in good standing – (5.4%) credit to .6% rate.
- Paid directly to IRS.
- FUTA tax receipts distributed 3 ways for state use.

FUTA Tax Distribution



ESAA Funded NC Grants



\$82.7M

UI
Administrative
Grant

Wagner-Peyser
Grant

Labor Market
Information
Grant

Veterans
Employment
Grant

What Is Unique & Different?

- 3-year funding authority with automation provision
- Counter-cyclical to economy
- USDOL requires certain activities
- Position Based
- Base and Above Base Funding



Position Information

- 72% of UI Admin grant goes to salaries & benefits.
- Budget by position allocation.
- Primary units –
Benefits, Tax, Appeals, & Admin.
- Despite funding loss, no permanent staff RIFs.

Position Locations

3 Offices & Out-stationed

- ➔ 300 Central Office Raleigh
- ➔ 70 Call Center Raleigh
- ➔ 50 Operations Center Charlotte
- ➔ 100 Out-stationed

Position Reserve

“Parking Lot” Positions:

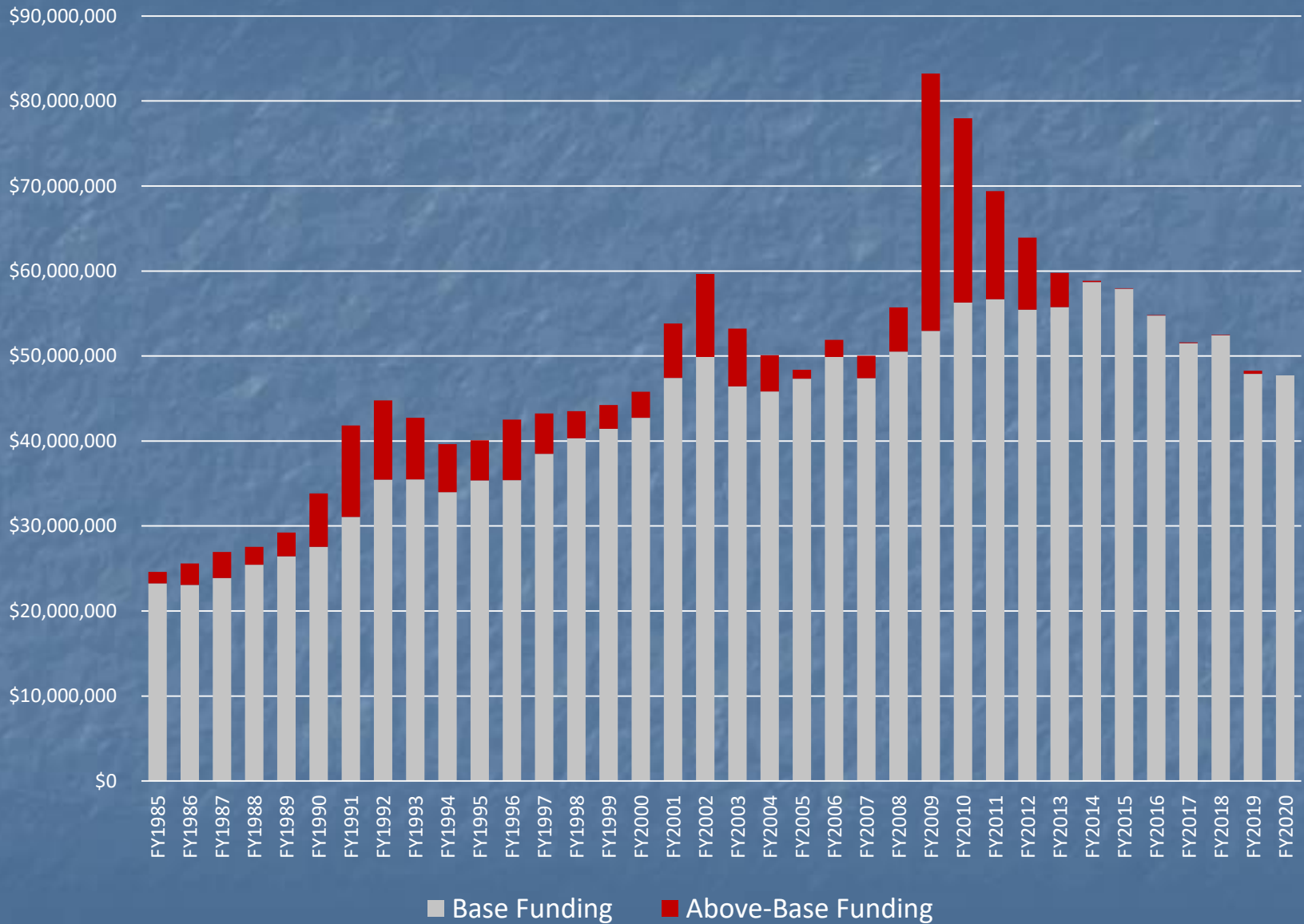
- ➔ 125 Time-Limited Positions
- ➔ Recession planning
- ➔ Staff up quickly
- ➔ OSBM approval required

How Is Our Amount Determined?

- OMB sets National initial claims workload.
- OMB sets State's share of workload.
- Resource Justification Model (RJM).
- RJM data used by USDOL to appropriate state grants.
- Stop loss – stop gain.



UI Historical Base & Above-Base Funding



Impact to Base Funding

FY2015 to FY2020:

- Decreased \$10M
- \$57M to \$47M
- Position Reduction – 575 to 480

How Do We Use It?

USDOL Required Activities:

- Take an initial claim.
- Make decision on eligibility.
- Provide appeal opportunity for claimant and employer.

USDOL Performance Measures:



- First Payment Promptness.
- Quality of our eligibility determinations.
- How quickly we deposit employer SUTA tax money.

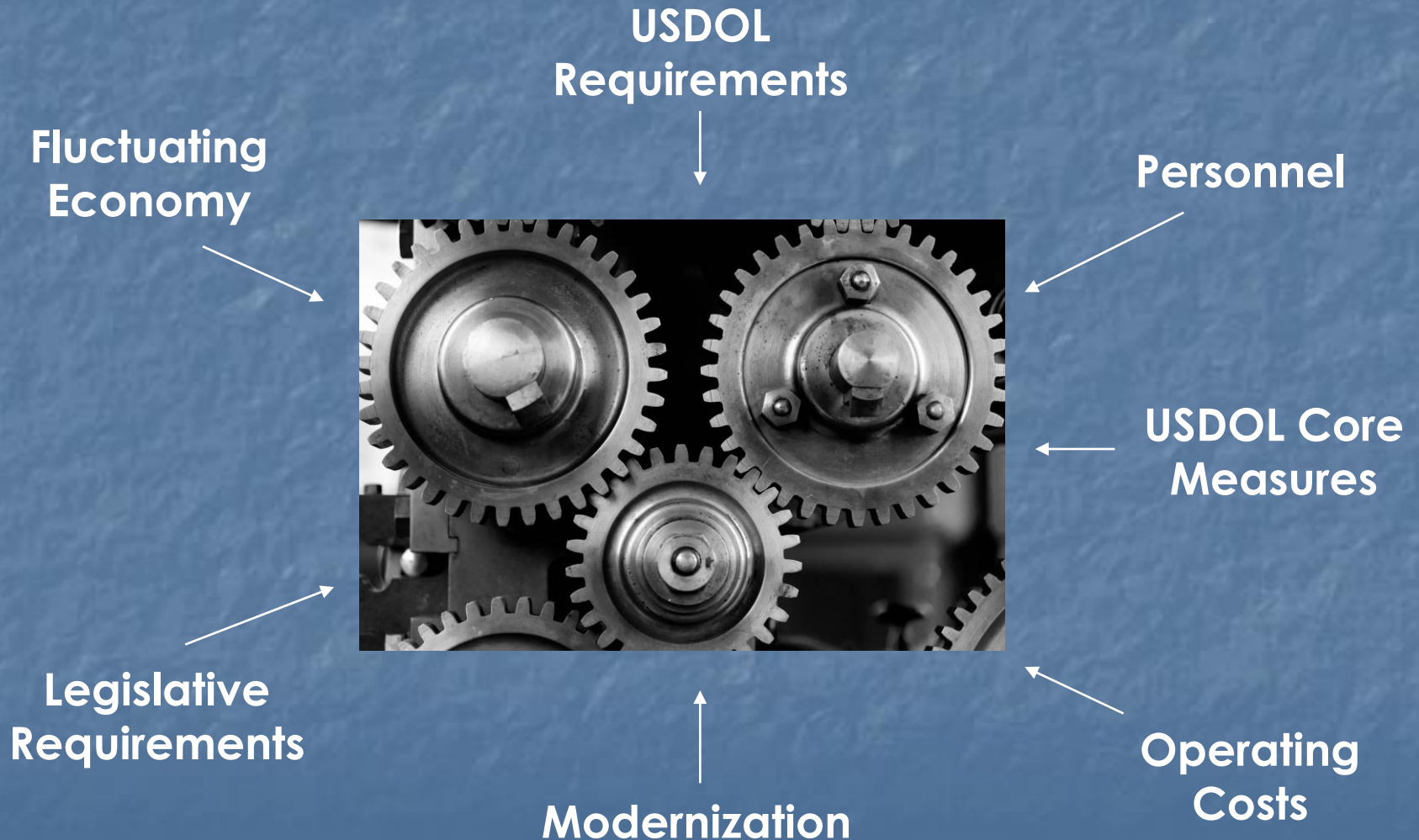
State Required Activities:

- Employability Assessment Interview (EAI) = \$1M
- Board of Review = \$650K

Future Issues & Concerns

- Base funding continues to decrease – good economy.
- National Issue – where is the funding “floor”?
- Legislative Salary Increases – must be absorbed by Grant – no state funds.
- Economy turns – funding increases. Short period to make major expenditures.

Competing Priorities



Questions?

Kevin D Carlson

(919) 707-1616

kevin.carlson@nccommerce.com